



COPY

May 15, 2015

Mr. John Olsen
President
McCann School of Business and Technology
2650 Woodglen Road
Pottsville, PA 17901-1335

Sent via UPS
Tracking No: 1ZA879640297488900

RE: Final Program Review Determination
OPE ID: 00489800
PRCN: 201430328578

Dear Mr. Olsen:

The U.S. Department of Education's (Department's) School Participation Team - Philadelphia issued a program review report on July 29, 2014 covering McCann School of Business and Technology's (McCann) administration of programs authorized by Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs), for the 2012-2013 and 2013-2014 award years. McCann's response was received on November 19, 2014. A copy of the program review report (and related attachments) and McCann's response are attached. Any supporting documentation submitted with the response is being retained by the Department and is available for inspection by McCann upon request. Additionally, this Final Program Review Determination (FPRD), related attachments, and any supporting documentation may be subject to release under the Freedom of Information Act (FOIA) and can be provided to other oversight entities after this FPRD is issued.

Purpose:

Final determinations have been made concerning all of the outstanding findings of the program review report. The purpose of this letter is to close the program review and to notify McCann of a possible adverse action. Due to the serious nature of one or more of the enclosed findings, this FPRD is being referred to the Department's Administrative Actions and Appeals Service Group (AAASG) for its consideration of possible adverse action. Such action may include a fine, or the limitation, suspension or termination of the eligibility of the institution. Such action may also include the revocation of the institution's program participation agreement (if provisional), or, if

Federal Student Aid
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Philadelphia, PA 19107

the institution has an application pending for renewal of its certification, denial of that application. If AAASG initiates any action, a separate notification will be provided which will include information on institutional appeal rights and procedures to file an appeal.

This FPRD contains one or more findings regarding McCann's failure to comply with the requirements of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (*Clery Act*) in Section 485(f) of the HEA, 20 U.S.C. §1092(f), and the Department's regulations at 34 C.F.R. §§668.41, 668.46, and 668.49. Because *Clery Act* findings do not result in financial liabilities, such findings may not be appealed. If an adverse administrative action is initiated, additional information about McCann's appeal rights will be provided under separate cover.

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. §§ 668.24(e)(1), (e)(2), and (e)(3).

The Department expresses its appreciation for the courtesy and cooperation extended during the review. If the institution has any questions regarding this letter, please contact Diane Sarsfield at diane.sarsfield@ed.gov.

Sincerely,



Nancy P. Gifford
Division Director

Enclosures:

Final Program Review Determination
Program Review Report
School's Response to Program Review Report

cc: Mr. Dean Hall, VP – Compliance, Delta Career Education Corporation
Accrediting Council for Independent Colleges and Schools
PA State Board of Cosmetology
PA State Board of Private Licensed Schools

Prepared for
McCann School of
Business and Technology

OPE ID: 00489800
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Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division - Philadelphia

Final Program Review Determination

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A. Institutional Information

McCann School of Business and Technology

2650 Woodglen Road

Pottsville, PA 17901-1335

Type: Proprietary

Highest Level of Offering: Associate's Degree

Accrediting Agency: Accrediting Council for Independent Colleges and Schools

Student Enrollment and % Receiving Title IV:

- Total Active Students: 330 with 93.94% receiving Title IV aid, as of April 3, 2014

Title IV Participation:

Title IV Program	2012-2013
Federal Pell Grant	\$23,362,042.00
Federal Direct Loans	\$55,981,260.00
Federal Work Study	\$371,856.00
Total:	\$79,715,158.00

Default Rates:

	FFEL/DL Program	Perkins Loan Program
2011	2.6%	14.2%
2010	2.0%	7.2%
2009	2.9%	18.6%

B. Scope of Review

The U.S. Department of Education (the Department) conducted a program review at McCann School of Business and Technology (McCann) from April 21, 2014 to April 24, 2014. The review was conducted by Mr. Kenneth Porter and Ms. Diane Sarsfield.

The focus of the review was to determine McCann's compliance with the statutes and federal regulations as they pertain to the institution's administration of Title IV programs. The review consisted of, but was not limited to, an examination of McCann's policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, student account ledgers, and fiscal records.

A sample of 30 files was identified for review from the 2012-2013 and 2013-2014 award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A of the program review report lists the names and social security numbers of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning McCann's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve McCann of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

C. Findings and Final Determinations

Resolved Findings

McCann has taken the corrective action necessary to resolve Finding # 2: Late Delivery of Student Credit Balances, in the program review report. Therefore, this finding may be considered closed.

Findings with Final Determinations

The program review findings requiring further action are summarized below. At the conclusion of the finding is a summary of McCann's response to the finding, and the Department's final determination for that finding. A copy of the program review report issued on July 29, 2014 is attached as Appendix A.

Finding # 1: Inaccurate Reporting to Common Origination Disbursement System

Citation Summary: An institution makes a disbursement of Title IV, HEA program funds on the date that the institution credits a student's account at the institution or pays a student or parent directly with: funds received from the Secretary, funds received from a lender under the FFEL Programs, or institutional funds used in advance of receiving Title IV, HEA program funds. 34 C.F.R. § 668.164(a)(1).

An institution shall report to the Secretary any change in the amount of a Federal Pell Grant for which a student qualifies including any related payment data changes by submitting to the Secretary the student's payment data that discloses the basis and result of the change in award for each student. The institution shall submit the student's payment data reporting any change to the Secretary by the reporting deadlines published by the Secretary in the Federal Register. 34 C.F.R. § 690.83(b)(1).

An institution must submit the initial disbursement record for a Direct Loan to the Secretary no later than 30 days following the date of the initial disbursement. The institution must submit subsequent disbursement records, including adjustment and cancellation records, to the Secretary no later than 30 days following the date the disbursement, adjustment or cancellation is made. 34 C.F.R. § 685.301(e). An institution reports this information to the Secretary through COD.

The Federal Register published February 28, 2013 established reporting deadlines to the Common Origination and Disbursement System (COD) for Federal Pell Grant and Direct Loan disbursement. Institutions are required to report disbursement information and adjustments to previously reported disbursement data to COD no later than (1) 30 calendar days for disbursements that occurred prior to April 1, 2013, and (2) 15 calendar days for disbursements that occur on or after April 1, 2013. (Federal Register Volume 78, Number 40).

The institution must report the date the funds were made available to the student. The disbursement date must be reported as the date the funds were disbursed to the borrower by posting funds to the student's account at the school or paying the borrower directly. (*November 2010 Electronic Announcement: Direct Loan Processing Information – Making Disbursement Adjustments and Reducing Direct Loan Awards to Zero.*)

To emphasize the critical nature of accurate reporting, the Department issued another electronic announcement, *January 29, 2014 Electronic Announcement: Direct Loan Processing Information - Accurately Reporting Direct Loan Disbursement Dates*. This letter re-iterated that schools must report the *actual* disbursement date for a Direct Loan.

Noncompliance Summary: McCann reported inaccurate disbursement dates in COD for Federal Pell Grants and Direct Loans disbursed to 19 of the 30 students in the sample. The disbursement dates reported in COD differed from the dates the Federal funds were

actually posted to the students' account. The difference in the disbursement dates ranged from 1 to 64 days.

Required Action Summary: McCann was required to update COD to record the correct disbursement dates for students #1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 19, 20, 23, 24, 28 and 30.

McCann was also required to conduct a file review of the disbursement records in COD to ensure that accurate disbursement dates were reported for all Title IV recipients enrolled at the institution during the 2012-2013 and 2013-2014 award years. McCann was required to update any inaccurate disbursement dates and to summarize the results of its file review in a spreadsheet.

In addition, McCann was required to update its COD reporting policies and procedures to ensure that accurate disbursement information is reported in COD.

McCann's Response Summary: McCann's response to the program review report was dated November 19, 2014. In its response, the institution stated that corrections were made to the COD records for the 19 students identified in the finding.

In its response, McCann stated that it conducted an electronic comparison of disbursement data from COD for the 2012-13 and 2013-14 award years and the data contained in the institution's student information system to identify any disbursement dates reported to COD that did not match the corresponding disbursement date recorded on the student's ledger card. This comparison yielded approximately 62,000 disbursement dates in COD that required correction. McCann stated that all the records with incorrect disbursement dates were corrected in COD. McCann submitted the results of its file review in a spreadsheet.

In addition, McCann provided revised procedures to ensure that the disbursement dates reported in COD match exactly the disbursement dates on each student's account ledger.

Final Determination: The Department reviewed the results of the file review McCann submitted in response to this finding. The Department verified that the disbursement records were corrected for the 19 students identified in the finding. In addition, a sample of 50 students identified with errors in the file review was examined and the Department did not find any discrepancies with the updated information reported in COD.

The institution must follow its revised procedures to ensure that accurate disbursement dates are reported in COD.

Finding #3: Annual Security Report Not Distributed To Required Recipients

Citation: The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) and the Department's regulations require that all institutions that receive Title IV, HEA funds must, by October 1 of each year, publish and distribute to its current students and employees, a comprehensive Annual Security Report (ASR) that contains, at a minimum, all of the statistical and policy elements enumerated in 34 C.F.R. §668.46(b).

The ASR must be published and actively distributed as a single document. Acceptable means of delivery include U.S. Mail, hand delivery, or campus mail distribution to the individual or posting on the institution's website. If an institution chooses to distribute its report by posting to an internet or intranet site, the institution must, by October 1 of each year, distribute a notice to all students and employees that includes a statement of the report's availability and its exact electronic address, a description of its contents, as well as an advisement that a paper copy will be provided upon request. 34 C.F.R.

§668.41(e)(1). These regulations also require institutions to provide a notice containing this information to all prospective students and employees. This notice must also advise interested parties of their right to request a paper copy of the ASR and to have it furnished upon request. 34 C.F.R. §668.41(e)(4).

An institution's ASR must include statistics for incidents of crimes reported during the three most recent calendar years. The covered categories include criminal homicide (murder and non-negligent manslaughter), forcible and non-forcible sex offenses, robbery, aggravated assaults, burglary, motor vehicle theft, and arson. Statistics on hate crimes as well as arrest and disciplinary referral statistics for violations of certain laws pertaining to illegal drugs; illegal usage of controlled substances, liquor, and weapons also must be disclosed in the ASR. These crime statistics must be published for the following geographical categories: 1) on campus; 2) on-campus student residential facilities (as a subset of category # 1); 3) certain non-campus buildings and property; and, 4) certain adjacent and accessible public property. 34 C.F.R. §668.46(c)(1). When applicable, an institution must also compile, and publish separate crime statistic disclosures for each of its campuses. 34 C.F.R. §668.46(d).

In addition, the ASR must include several policy statements. These disclosures are intended to inform the campus community about the institution's security policies, procedures, and the availability of programs and resources as well as channels for victims of crime to seek recourse. In general, these policies include topics such as the law enforcement authority and practices of campus police and security forces, incident-reporting procedures for students and employees, and policies that govern the preparation of the report itself. Institutions are also required to disclose alcohol and drug policies and educational programs. Policies pertaining to sexual assault education, prevention, and adjudication must also be disclosed. Institutions also must provide detailed policies of the issuance of timely warnings and emergency notifications as well as its emergency response and evacuation procedures. All required information referenced in 34 C.F.R.

§668.46(b) must be published in the ASR. With the exception of certain drug and alcohol program information, cross-referencing to other publications is not sufficient to meet the publication and distribution requirements of the Act. 34 C.F.R. §668.46(b).

Finally, each institution must also submit its crime statistics to the Secretary for inclusion in the Department's "Campus Safety and Security Data Analysis Cutting Tool." 34 C.F.R. §668.41(e)(5).

Noncompliance Summary: McCann School of Business and Technology (McCann) violated a provision of the Clery Act. Specifically, McCann failed to notify all of its current employees regarding the availability of the report by the October 1, 2013 deadline.

Required Actions Summary: The Department required McCann to develop and implement substantive policies and procedures to ensure that its ASRs are prepared, published, and distributed in accordance with the Clery Act and the Department's regulations. In addition, the Department required McCann to submit a copy of the revised policies and procedures with its response to this program review report. The Department also required McCann to provide documentation to prove the distribution along with a certification statement attesting to the fact that the materials were distributed in accordance with the Clery Act. Finally, the Department required the certification statement affirm that the school understands its Clery Act obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur.

Response Summary: In its official response, McCann stated that its ASRs are produced centrally by Delta's corporate staff. Per the response, Delta's corporate staff sends the final report to each campus director. Delta management also asserted that campus directors receive instructions on how to distribute the ASR to required recipients at their respective locations. However, Delta conceded that campus directors were not required to submit any documentation to the corporate office or maintain evidence at the campus to show that the ASR was distributed in the required manner or in fact, that it was disseminated at all.

In addition, the response stated that "once Delta became aware of this finding, an announcement of the availability of the 2013 ASR was posted to Delta's intranet system. This site is used to communicate important information "campus-wide." The posting of the availability of the 2013 ASR took place on April 30, 2014. To ensure full compliance with applicable distribution requirements moving forward," Delta has implemented additional distribution levels to faculty and staff. Delta now sends a notice of the availability of the ASR to all campus-based faculty and staff via email."

Finally, Delta officials claimed that on "September 18, 2014, Delta sent an email notifying all campus-based faculty and staff of the availability of the 2013 ASR and upcoming availability of the 2014 ASR. On October 1, 2014, Delta posted the 2014 ASR for each location on its intranet system and email was sent to all current faculty and staff, which announced the availability of the 2014 ASR."

Final Determination: Finding #3 cited McCann for its failure to distribute the 2013 ASR to all current employees in accordance with the Department's regulations. As a result of these violations, McCann was required to develop and implement substantive policies and procedures to ensure its ASRs are prepared, published, and distributed in accordance with the *Clery Act* and the Department's regulation. In addition, the Department required McCann to provide documentation to prove the distribution of the 2013 ASR along with a certification statement asserting that all future reports will be distributed in accordance with the *Clery Act*.

The Department carefully reviewed McCann's response and supporting documents including evidence showing that the 2013 ASR was eventually distributed on April 30, 2014, more than 200 days late. Based on that review and the institution's admission of noncompliance, the violation identified in the initial finding is sustained. The Department also determined that McCann continued to violate the *Clery Act* even after the violation cited above was brought to management's attention. This conclusion is supported by the review team's detailed examination of the 2014 ASR that identified several additional deficiencies including the following:

- A policy statement that addresses the enforcement authority of security personnel, including their relationship with State and local police agencies and whether those security personnel have the authority to arrest individuals;
- A policy statement that encourages accurate and prompt reporting of all crimes to campus security and the appropriate police agencies;
- A policy statement that describes procedures, if any, that encourages pastoral counselors and professional counselors, if and when they deem it appropriate, to inform the persons they are counseling of any procedures to report crimes on a voluntary, confidential basis for inclusion in the annual disclosure of crime statistics;
- A policy statement concerning the monitoring and recording through local police agencies of criminal activity in which students engaged at off-campus locations of student organizations officially recognized by the institution;
- A policy statement that provides notification to students of existing on- and off-campus counseling, mental health, or other student services for victims of sex offenses;
- A clear statement regarding an institution's policies and procedures regarding the issuance of timely warnings and emergency notifications. These policies must state that an institution will, in a manner that is timely and will aid in the prevention of similar crimes, report to the campus community on Clery-reportable offenses that are reported to campus security authorities or local law enforcement agencies that may represent a threat to students and employees. If there is an immediate threat to the health or safety of students or employees occurring on campus, then an institution must follow its emergency notification procedures. An institution that follows its emergency notification procedures is not required to issue a timely warning based on the same circumstances; however, the institution must provide adequate follow-up information to the community as needed.

In light of these continuing violations, the Department has determined that this finding is now closed for the purposes of this program review and is hereby referred to the Department's Clery Act Compliance Team (CACT). The CACT will oversee the McCann's final remedial actions that are needed to address the additional violations identified above. As part of that referral, McCann is hereby directed to take immediate action to finally and fully address all deficiencies and submit creditable evidence to substantiate its claims of remedial action.

Specifically, upon receipt of this FPRD, McCann must immediately conduct a full review of its 2014 ASR to identify and correct all omitted disclosures and other deficiencies. Once all deficiencies are corrected, the institution must actively distribute the revised 2014 ASR to all enrolled students and current employees. This distribution must be completed within 30 days of McCann's receipt of this FPRD. Within 45 days of receipt of this FPRD, McCann must submit copies of the following records to the Department: 1) the initial and revised 2014 ASRs; 2) credible evidence showing that the revised 2014 ASR was actively redistributed to mandatory recipients. Suitable evidence of distribution may include a copy of an e-mail used to transmit the report or other similar documentation. These materials must be submitted via electronic mail to Mr. Kenneth Porter at kenneth.porter@ed.gov and to the CACT at clery@ed.gov.

McCann's submission must reference the Program Review Control Number noted on the cover letter in the subject line of its e-mail submission. If any of the requested records were not produced or do not exist, McCann officials must clearly communicate that fact to the Department in writing via electronic mail. In this context, McCann officials are advised that no new documents are to be created at this time for the purpose of demonstrating compliance with any *Clery Act* requirement for past periods (except for the necessary revisions to the 2014 ASR). The institution is also advised that a failure to respond to this request for document production will result in a referral for the imposition of administrative actions in addition to any such referrals that may be made to address the original violations identified in Finding #3 of the program review report.

Although this matter is now closed¹, the officers and directors of McCann are advised that the exceptions identified above constitute serious violations of the *Clery Act* that by their nature cannot be cured. There is no way to truly "correct" a violation of this type once it occurs. McCann asserted that it has taken adequate remedial actions and that by doing so, is now in compliance with the *Clery Act* as required by its Program Participation Agreement. Nevertheless, McCann is advised that such actions cannot and do not diminish the seriousness of this violation nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective actions as a result. The institution is also reminded to fully document all of its efforts to comply with all Title IV, HEA requirements.

¹ Subject to McCann's satisfactory production of the requested documentation.

Because of the serious consequences of *Clery Act* violations, the Department strongly recommends that McCann re-examine its campus security, drug and alcohol, and general Title IV policies and procedures on an annual basis to ensure that they continue to reflect current institutional practices and are compliant with Federal regulations. To that end, McCann officials are encouraged to consult the Department's "Handbook for Campus Safety and Security Reporting" (2011) as a reference guide for *Clery Act* compliance. The Handbook is available online at:

<http://www2.ed.gov/admins/lead/safety/handbook.pdf>. The Department also provides a number of other *Clery Act* training resources. Institutional officials can access these materials at: <http://www2.ed.gov/admins/lead/safety/campus.html>. The regulations governing the *Clery Act* can be found at 34 C.F.R. §§668.14, 668.41, 668.46, and 668.49.

McCann management is also reminded that Section 304 of the Violence Against Women Reauthorization Act of 2013 (VAWA) amended the *Clery Act* to require institutions to compile and disclose statistics for incidents of sexual assault, dating violence, domestic violence, and stalking. VAWA also requires institutions to include new policy, procedural, and programmatic disclosures regarding sexual assault prevention and response in their ASRs. All institutions are currently obligated to make a documented good-faith effort to comply with the statutory requirements of VAWA and were required to include all new required content in the 2014 ASR. The Department issued Final Rules on the VAWA amendments on October 20, 2014 and therefore, these regulations will go into effect on July 1, 2015, per the Department's Master Calendar. McCann officials may access the text of the Final Rule at:

<http://ifap.ed.gov/fregisters/attachments/FR102014FinalRuleViolenceAgainstWomenAct.pdf>.

Finally, McCann officials are strongly advised to review the accuracy and completeness of its Drug and Alcohol Abuse Prevention Program (DAAPP) as required by the Drug-Free Schools and Communities Act (*DFSCA*) and Part 86 of the Department's General Administrative Regulations. FSA is now responsible for monitoring compliance with the *DFSCA*. Therefore, it is essential that the institution makes sure that it has developed and implemented a comprehensive DAAPP, has produced and distributed accurate and complete program materials to the campus community, and has and continues to conduct substantive biennial reviews to assess the effectiveness of its program and produces detailed biennial review reports on the required schedule. For more information about the *Clery Act* and/or the *DFSCA*, please contact your program review team or another member of the Philadelphia School Participation Division.

Final Program Review Determination
PRCN #: 201430328578

Appendix A
Program Review Report



PROUD SPONSOR of
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Prepared for
**McCann School of
Business and Technology**

OPE ID: 00489800
PRCN: 201430328578

Prepared by
U.S. Department of Education
Federal Student Aid
School Participation Division - Philadelphia

Program Review Report

July 29, 2014

Federal Student Aid, School Participation Division - Philadelphia
The Wanamaker Building
100 Penn Square East, Suite 511
Philadelphia, PA 19107
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A. Institutional Information

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2650 Woodglen Road
Pottsville, PA 17901-1335

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B. Scope of Review

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A sample of 30 files was identified for review from the 2012-2013 and 2013-2014 award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year. Appendix A lists the names and social security numbers of the students whose files were examined during the program review.

Disclaimer:

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in the report concerning McCann's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those specific practices and procedures. Furthermore, it does not relieve McCann of its obligation to comply with all of the statutory or regulatory provisions governing the Title IV, HEA programs.

This report reflects initial findings. These findings are not final. The Department will issue its final findings in a subsequent Final Program Review Determination letter.

C. Findings

During the review, several areas of noncompliance were noted. Findings of noncompliance are referenced to the applicable statutes and regulations and specify the actions to be taken by McCann to bring operations of the financial aid programs into compliance with the statutes and regulations.

Finding # 1: Inaccurate Reporting to Common Origination Disbursement System

Citation: An institution makes a disbursement of Title IV, HEA program funds on the date that the institution credits a student's account at the institution or pays a student or parent directly with: funds received from the Secretary, funds received from a lender under the FFEL Programs, or institutional funds used in advance of receiving Title IV, HEA program funds. 34 C.F.R. § 668.164(a)(1).

An institution shall report to the Secretary any change in the amount of a Federal Pell Grant for which a student qualifies including any related payment data changes by submitting to the Secretary the student's payment data that discloses the basis and result of the change in award for each student. The institution shall submit the student's payment data reporting any change to the Secretary by the reporting deadlines published by the Secretary in the Federal Register. 34 C.F.R. § 690.83(b)(1).

An institution must submit the initial disbursement record for a Direct Loan to the Secretary no later than 30 days following the date of the initial disbursement. The institution must submit subsequent disbursement records, including adjustment and cancellation records, to the Secretary no later than 30 days following the date the disbursement, adjustment or cancellation is made. 34 C.F.R. § 685.301(e). An institution reports this information to the Secretary through COD.

The Federal Register published February 28, 2013 established reporting deadlines to the Common Origination and Disbursement System (COD) for Federal Pell Grant and Direct Loan disbursement. Institutions are required to report disbursement information and adjustments to previously reported disbursement data to COD no later than (1) 30 calendar days for disbursements that occurred prior to April 1, 2013, and (2) 15 calendar days for disbursements that occur on or after April 1, 2013. (Federal Register Volume 78, Number 40).

The institution must report the date the funds were made available to the student. The disbursement date must be reported as the date the funds were disbursed to the borrower by posting funds to the student's account at the school or paying the borrower directly. (*November 2010 Electronic Announcement: Direct Loan Processing Information – Making Disbursement Adjustments and Reducing Direct Loan Awards to Zero.*)

To emphasize the critical nature of accurate reporting, the Department issued another electronic announcement, *January 29, 2014 Electronic Announcement: Direct Loan Processing Information - Accurately Reporting Direct Loan Disbursement Dates*. This letter re-iterated that schools must report the *actual* disbursement date for a Direct Loan.

Noncompliance: McCann reported inaccurate disbursement dates in COD for Federal Pell Grants and Direct Loan funds disbursed to 19 of the 30 students in the sample. The disbursement dates reported in COD differed from the dates the Federal funds were actually posted to the students' account. The difference in the disbursement dates range from 1 to 64 days.

An institution's failure to report accurate disbursement dates to COD may result in increased interest costs for the Department and the individual students. Several terms and conditions of Direct Loans are tied to the actual disbursement date reported to COD, including interest accrual and the 120-Day Rule regarding the return of funds, as well as the origination fee and interest rate that apply to the loan.

Required Action: McCann must update COD to record the correct disbursement dates for students #1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 19, 20, 23, 24, 28 and 30. The institution is encouraged to call COD Customer Service at 1-800-848-0978 (Direct Loan) or 1-800-474-7268 (Grants) for any needed assistance.

In addition, McCann must conduct a file review of all 2012-2013 and 2013-2014 Title IV recipients to determine whether accurate disbursement dates have been reported to COD. McCann must update any inaccurate disbursement dates that it identifies in COD. McCann must provide the results of its file review in a spreadsheet and include the following data.

1. Student's Name;
2. Social Security Number;
3. Disbursement Type;
4. Disbursement Amount;
5. Disbursement Date originally reported to COD; and
4. Updated Disbursement Date.

McCann must provide the spreadsheet in both electronic and hardcopy formats. Additionally, McCann must review its policies and procedures in order to ensure that they are sufficient to prevent a recurrence of this finding. McCann must include a copy of its updated policies and procedures with its response to this program review report.

Finding # 2: Late Delivery of Student Credit Balances

Citation: Whenever an institution disburses Title IV, HEA program funds by crediting a student's account and the total amount of all Title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but no later than 14 days after the credit balance has occurred. 34 C.F.R. § 668.164 (e)(1).

Noncompliance: McCann failed to deliver Title IV credit balances to students #24 and 29 within 14 days of the credit balance occurring on the students' account.

On August 15, 2013, McCann posted Title IV funds to the account of student #24 which resulted in a Title IV credit balance in the amount of \$2,484.84. On September 5, 2013, McCann delivered the credit balance to the student via check #3679467. This credit balance payment was made 21 days after the credit balance occurred on the student's account.

On August 21, 2013, McCann posted Title IV funds to the account of student #29 which resulted in a Title IV credit balance in the amount of \$990.00. On September 6, 2013, McCann delivered the credit balance to the student via direct deposit. This credit

balance payment was made 16 days after the credit balance occurred on the student's account.

McCann's failure to deliver Title IV credit balances within the 14-day timeframe can result in financial harm and burden to students. Students are entitled to receive credit balance funds to cover living expenses that incur while attending school.

Required Action: McCann should review its policies and procedures to ensure that student credit balances are delivered to students within the required 14-day timeframe. McCann should submit copies of any changes made to its policies and procedures with its response to this program review report.

Finding # 3: Annual Security Report Not Distributed to All Employees

Citation: The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) and the Department's regulations require that all institutions that receive Title IV, HEA funds must, by October 1 of each year, publish and distribute to its current students and employees, a comprehensive Annual Security Report (ASR) that contains, at a minimum, all of the statistical and policy elements enumerated in 34 C.F.R. § 668.46(b).

The ASR must be published and actively distributed as a single document. Acceptable means of delivery include U.S. Mail, hand delivery, or campus mail distribution to the individual or posting on the institution's website. If an institution chooses to distribute its report by posting to an internet or intranet site, the institution must, by October 1 of each year, distribute a notice to all students and employees that includes a statement of the report's availability and its exact electronic address, a description of its contents, as well as an advisement that a paper copy will be provided upon request. 34 C.F.R. § 668.41(e)(1). These regulations also require institutions to provide a notice containing this information to all prospective students and employees. This notice must also advise interested parties of their right to request a paper copy of the ASR and to have it furnished upon request. 34 C.F.R. § 668.41(c)(4).

An institution's ASR must include statistics for incidents of crimes reported during the three most recent calendar years. The covered categories include criminal homicide (murder and non-negligent manslaughter), forcible and non-forcible sex offenses, robbery, aggravated assaults, burglary, motor vehicle theft, and arson. Statistics on hate crimes as well as arrest and disciplinary referral statistics for violations of certain laws pertaining to illegal drugs; illegal usage of controlled substances, liquor, and weapons also must be disclosed in the ASR. These crime statistics must be published for the following geographical categories: 1) on campus; 2) on-campus student residential facilities (as a subset of category # 1); 3) certain non-campus buildings and property; and, 4) certain adjacent and accessible public property. 34 C.F.R. § 668.46(c)(1). When applicable, an institution must also compile, and publish separate crime statistic disclosures for each of its campuses. 34 C.F.R. § 668.46(d).

In addition, the ASR must include several policy statements. These disclosures are intended to inform the campus community about the institution's security policies, procedures, and the availability of programs and resources as well as channels for victims of crime to seek recourse. In general, these policies include topics such as the law enforcement authority and practices of campus police and security forces, incident-reporting procedures for students and employees, and policies that govern the preparation of the report itself. Institutions are also required to disclose alcohol and drug policies and educational programs. Policies pertaining to sexual assault education, prevention, and adjudication must also be disclosed. Institutions also must provide detailed policies of the issuance of timely warnings and emergency notifications as well as its emergency response and evacuation procedures. All required information referenced in 34 C.F.R. § 668.46(b) must be published in the ASR. With the exception of certain drug and alcohol program information, cross-referencing to other publications is not sufficient to meet the publication and distribution requirements of the Act. 34 C.F.R. § 668.46(b).

Finally, each institution must also submit its crime statistics to the Secretary for inclusion in the Department's "Campus Safety and Security Data Analysis Cutting Tool." 34 C.F.R. § 668.41(e)(5).

Noncompliance: McCann violated a provision of the *Clery Act*. Specifically, McCann failed to distribute its ASR in accordance with Federal regulations. McCann met the requirement to publish its ASR by October 1 for all of the years reviewed; however, McCann failed to notify all of its current employees regarding the availability of the report by the October 1, 2013 deadline.

The resultant failure deprived current employees of timely access to important security information that empowers members by allowing them to play an active role in their own safety and security.

Required Actions: As a result of this violation, McCann must develop and implement substantive policies and procedures to ensure that its ASRs are prepared, published, and distributed in accordance with the *Clery Act* and the Department's regulations. In addition, McCann must submit a copy of the revised policies and procedures with its response to this program review report. McCann also will be required to provide documentation to the Department evidencing the distribution along with a certification statement attesting to the fact that the materials were distributed in accordance with the *Clery Act*. This certification must also affirm that the school understands its *Clery Act* obligations and that it has taken all necessary corrective actions to ensure that these violations do not recur.

As noted above, the exceptions identified in this finding constitute serious violations of the *Clery Act* that by their nature cannot be cured. McCann will be given an opportunity to develop and distribute an accurate and complete ASR, and in doing so, McCann may finally begin to bring its overall campus security program into compliance with the *Clery Act* as required by its Program Participation Agreement (PPA). However, McCann is

advised that these remedial measures cannot and do not diminish the seriousness of these violations nor do they eliminate the possibility that the Department will impose an adverse administrative action and/or require additional corrective measures.

McCann officials may wish to review the Department's "Handbook for Campus Safety and Security Reporting" (2011) during the preparation of its response. The handbook is available online at: <http://www2.ed.gov/admins/lead/safety/handbook.pdf>. The regulations governing the *Clery Act* can be found at 34 C.F.R. §§ 668.14, 668.41, 668.46, and 668.49.

Based on the evaluation of all available information including McCann response, the Department will determine if additional actions are appropriate and advise McCann accordingly in its Final Program Review Determination letter.

Appendices

Appendix A (Student Sample) contains personally identifiable information. The Program Review with Appendix A will be emailed to McCann as an encrypted WinZip file using Advanced Encryption Standard, 256-bit. The password needed to open the encrypted WinZip file(s) will be sent in a separate email.